

Message Text

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FOR ARA/PAF AND INFO S/PRS

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TAGS: OVIP (KISSINGER, HENRY A) VE, PE, BR, CO,CS

SUBJECT: PRESS QUESTIONS RE SECRETARY'S TRIP

REF: STATE 28639

1. Q: WHAT IS THE ATTITUDE OF THE UNITED STATES GOVERNMENT TOWARD VENEZUELA'S NATIONALIZATION OF THE OIL INDUSTRY? IS IT TRUE THAT THE USG OBJECTED TO THE AMOUNT OF COMPENSATION PAID AS BEING A "SPOILATION" OF THE COMPANIES?

A: WE RECOGNIZE THE SOVEREIGN RIGHT OF A SOVEREIGN GOVERNMENT TO TAKE FOREIGN-OWNED PROPERTY WITHIN ITS BORDERS FOR A PUBLIC PURPOSE. WE BELIEVE THAT INTERNATIONAL LAW REQUIRES THE PAYMENT OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION IN SUCH CASES. WITH RESPECT TO THE OIL INDUSTRY HERE WE RECOGNIZE THAT THE DECISION TO NATIONALIZE WAS A SOVEREIGN DECISION OF THE VENEZUELAN GOVERNMENT AND PEOPLE CARRIED OUT IN ACCORDANCE WITH VENEZUELAN LAW. IT IS TRUE THAT THE UNITED STATES GOVERNMENT DOES NOT REGARD NET BOOK VALUE AS NECESSARILY AS ADEQUATE STANDARD OF COMPENSATION IN NATIONALIZATION CASES AND HAS MADE THAT VIEW KNOWN TO THE GOVERNMENT OF VENEZUELA AS WELL AS TO OTHER GOVERNMENTS. BUT THIS IS A DIFFERENCE OF VIEWPOINT, NOT A CONFRONTATION. WE HAVE NOT INTERFERED IN THE ARRANGEMENTS BEING WORKED WITH THE U.S. OIL COMPANIES AND WE HAVE NOT CHARACTERIZED THE COMPENSATION BEING PAID TO THEM AS "SPOILATION."

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2. Q: MR. SECRETARY, IS IT TRUE THAT THE U.S. IS GIVING PREFERENCE IN REFINING FACILITIES IN THE CARIBBEAN AND IN PARTS OF THE UNITED STATES TO NON-VENEZUELAN CRUDE, THEREBY IMPOSING A DE FACTO BARRIER TO THE FREE IMPORT OF VENEZUELAN PETROLEUM?

A: THE U.S. DOES NOT DISCRIMINATE AGAINST VENEZUELAN PETROLEUM, OR THAT OF ANY OTHER NATION, IN PERMITTING ACCESS TO PRIVATELY OWNED AMERICAN REFINERIES. UNDER U.S. LAW, ONE REFINERY, LOCATED IN THE U.S. VIRGIN ISLANDS, RECEIVES "ENTITLEMENTS," AND THIS REFINERY HAS BEEN PROCESSING NON-VENEZUELAN CRUDE. IT COULD, IF MARKET FORCES WERE RIGHT, CHOOSE TO PROCESS VENEZUELAN CRUDE. REFINERIES LOCATED IN PUERTO RICO DO NOT RECEIVE "ENTITLEMENTS," AND IN PUERTO RICO, VENEZUELAN CRUDE IS PROCESSED. THE WHOLE QUESTION OF "ENTITLEMENTS," WHICH IS VERY TECHNICAL AND COMPLICATED, IS UNDER CONTINUOUS REVIEW BY MY GOVERNMENT. (CHECK WITH EB/ORF/FSE FOR DETAILS.)

3. Q: IN LIGHT OF OFTEN REPEATED DECLARATIONS THAT THE GOV WILL NOT USE PETROLEUM AS A POLITICAL WEAPON, WHY DOES THE USG CONTINUE TO DISCRIMINATE AGAINST VENEZUELA AND ECUADOR, BY NOT LETTING THEM PARTICIPATE IN THE GSP?

A: BOTH PRESIDENT FORD AND MYSELF HAVE DEPLORED THE EXCLUSION OF VENEZUELA AND ECUADOR FROM THE GSP UNDER THE TRADE LAW. AS RECENTLY AS FRIDAY, JANUARY 30, I TOLD THE FINA
JE COMMITTEE OF THE
U.S. SENATE THAT I THOUGHT THE ANTI-OPEC CLAUSE IN THE TRADE LAW WAS NOT IN THE NATIONAL INTEREST OF THE U.S. AND IN FACT HAS BECOME A MOST DIVISIVE ISSUE IN THE HEMISPHERE. THE ADMINISTRATION STRONGLY SUPPORTS THE EFFORTS IN THE CONGRESS TO MODIFY THIS SECTION OF THE TRADE ACT.

4. Q: WHAT IS YOUR ATTITUDE TOWARD OPEC? WHY DOES THE UNITED STATES GOVERNMENT THREATEN OPEC AND ATTEMPT TO CREATE BLOCS AGAINST IT WHEN COUNTRIES LIKE VENEZUELA ARE MERELY SEEKING A JUST PRICE FOR AN IRREPLACABLE RESOURCE WHICH FOR TOO LONG THEY SOLD TOO CHEAP?

A: IN EXPRESSING OUR VIEW ON THE SUBJECT OF THE OIL PRICE WE ARE NOT THREATENING VENEZUELA OR ANYONE ELSE. WE SEEK COLLECTIVE ACTION TO IMPROVE AND STRENGTHEN THE WORLD'S ECONOMY IN WHICH OIL PLAYS SUCH AN IMPORTANT PART. THESE PROBLEMS ARE BEING TREATED IN THE CIEC WHERE YOUR OWN MANUEL PEREZ GUERRERO IS PLAYING SUCH A DISTINGUISHED ROLE. I DO NOT BELIEVE THAT DIFFERENCES OVER THE LIMITED OFFICIAL USE

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OIL PRICE WILL BLOCK EFFECTIVE ACTION THERE.

5. Q: WHY IS THE UNITED STATES BEING SO OBSTINATE IN REFUSING TO GO ALONG WITH THE REVISION OF THE CHARTER OF THE OAS?

A: WE ARE NOT. IT HAS LONG BEEN THE POLICY OF THE USG THAT THE CHARTER OF THE OAS SHOULD BE REVISED TO MAKE IT BETTER ABLE TO DEAL WITH THE REAL PROBLEMS CONFRONTING THE NATIONS OF THE HEMISPHERE TODAY. WE BELIEVE THAT THE OAS SHOULD ADDRESS ITSELF TO THE

BASIC ISSUES, PARTICULARLY ECONOMIC AND SOCIAL DEVELOPMENT WITHIN THE HEMISPHERE, AND GO BEYOND THE IDEOLOGICAL AND DOCTRINAL DEBATES WHICH ARE NOW TAKING SO MUCH OF ITS TIME. BY THESE, I MEAN THE EXTENDED DEBATES OVER COLLECTIVE ECONOMIC SECURITY, THE CALVO DOCTRINE, AND OTHER OBSCURE DOCTRINAL ISSUES. THE PROCEDURAL PROPOSAL WE HAVE MADE IS TO ELIMINATE THE THREE PERMENENT COUNCIL MEETINGS A YEAR, AND CONTINUE ONLY WITH THE SINGLE GENERAL ASSEMBLY MEETING.

6. Q: ARE YOU DISCUSSING WITH PRESIDENT PEREZ ANY NEW U.S. INITIATIVES IN LATIN AMERICA OR NEW PROGRAMS IN VENEZUELA?
A: DURING OUR TALKS WITH THE PRESIDENT AND HIS COLLEAGUES WE HAVE REVIEWED AREAS OF FUTURE HEMISPHERIC AND BILATERAL COOPERATION. THERE IS MUCH WE CAN DO TOGETHER. WE PARTICULARLY RECOGNIZE VENEZUELA'S COMMITMENT TO THE RAPID DEVELOPMENT OF ITS PHYSICAL AND HUMAN RESOURCES. THE UNITED STATES IS PREPARED TO COOPERATE IN THAT DEVELOPMENT BY SEEKING WAYS TO IMPROVE THE TRANSFER OF TECHNOLOGY AND ADVANCED EDUCATIONAL SKILLS TO THIS COUNTRY. (THIS RESPONSE CAN BE ALTERED TO ACCORD WITH WHATEVER DECISIONS ARE TAKEN ON THE SCIENCE-TECHNOLOGY AND EDUCATION AGREEMENTS.)

7. IN ADDITION TO THE ABOVE, WHICH HAVE SPECIFIC VENEZUELAN SLANTS, THE SECRETARY WILL BE CLOSELY QUESTIONED ON U.S.-CUBAN REALTIONS IN LIGHT OF THE ANGOLAN INTERVENTION; ON LINKING U.S. AID TO VOTES AT THE UN; THE CURRENT STATUS OF THE PANAMA CANAL NEGOTIATIONS; DETENTE AND THE POSSIBILITY OF A NEW ERA OF AMERICAN "ISOLATIONISM;" AND HIS VIEWS ON THE NORTH-SOUTH DIALOGUE.
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